

CANOL PROJECT: EXPLORATORY WELLS

Exchange of notes at Ottawa January 18, February 17, and March 13, 1943, supplementing agreement of December 28 and January 13, 1943

Entered into force March 13, 1943

Became obsolete at conclusion of World War II

57 Stat. 1420; Executive Agreement Series 389

*The Assistant Under Secretary of State for External Affairs
to the American Minister*

DEPARTMENT OF
EXTERNAL AFFAIRS
CANADA

OTTAWA, January 18, 1943

DEAR MR. MOFFAT:

I wish to refer again to your note of December 28, 1942,¹ No. 818 on the proposals for drilling exploratory oil wells in the Northwest Territories. The question has arisen as to the best means of avoiding the possibility of the intervention of any one whose interest is not identical with that of the Canadian Government or of the United States Government, and who might make application for oil and gas rights in that part of the Northwest Territories under discussion.

It would facilitate the drafting of regulations if the United States authorities would indicate more definitely the particular districts, within the very large area described in your note No. 818, paragraph 2, which seem to be the most promising. These districts could then be reserved for exploration by nominees of the United States Government.

Yours sincerely,

H. L. KEENLEYSIDE
*Assistant Under Secretary of State
for External Affairs*

The Honourable PIERREPONT MOFFAT,
*United States Minister to Canada,
Ottawa.*

¹ EAS 388, *ante*, p. 303.

*The American Chargé d'Affaires ad interim to the Assistant Under Secretary
of State for External Affairs*

LEGATION OF THE
UNITED STATES OF AMERICA
Ottawa, February 17, 1943

DEAR MR. KEENLEYSIDE:

I sent to the State Department for its comments the text of your letter to Mr. Moffat of January 18, 1943, regarding a more strict delimitation of the districts in which wildcatting would be done in the Northwest Territories in order that such districts might be reserved for exploration by nominees of the United States Government.

I have now received a reply to the effect that, while we are wholly in accord with your suggestion, it is nevertheless believed to be desirable that in any regulations which may be adopted there be nothing which would forbid operations anywhere within the broad general area mentioned in our note of December 28, 1942. I quote below, for your information, the pertinent parts of a letter of February 6, 1943, to the Secretary of State from the Secretary of War on this subject:

"This office is wholly in accord with the suggestion contained in Dr. Keenleyside's letter of January 18, 1943 that certain areas should be reserved for exploration by nominees of the United States in order to prevent the possible intervention of any one whose interest is not identical with that of the Canadian Government or of the United States Government.

"At the present time it is expected that the greater part of the wildcatting will be carried on in the district contiguous to the Mackenzie River, approximately 25 miles each side thereof, and extending from Fort Wrigley on the south to Good Hope on the north. It is hoped that sufficient sources of oil to fulfill our requirements will be discovered within this area. However, there are under consideration and surveys are being made of two major districts which, on the basis of presently available geological data, are considered to be the most promising for oil exploration. These areas are defined as follows:

a. District of Mackenzie—An area contiguous to the Mackenzie River, approximately 75 miles each side thereof, and extending from Great Slave Lake on the south to the Arctic Ocean on the north.

b. Yukon Territory—All that portion of the Yukon Territory lying north of the 66th parallel.

"It is believed that, in accordance with the suggestion of the Canadian authorities, it would be advantageous to both governments to have the two major areas as described above reserved for oil exploration by the United States in connection with the Canol Project, to the exclusion of other interests.

"Although it is expected that our activities will be confined within these two areas it would be considered inadvisable to have them strictly limited

thereto. It is therefore the desire of this department that any regulations which may be adopted be of such a nature as to permit operations anywhere within the broad general area described in our letter of November 18, 1942."

Sincerely yours,

LEWIS CLARK
Charge d'Affaires ad interim

H. L. KEENLEYSIDE, Esquire,
*Assistant Under Secretary of State
for External Affairs,
Ottawa.*

*The Assistant Under Secretary of State for External Affairs to the American
Chargé d'Affaires ad interim*

DEPARTMENT OF
EXTERNAL AFFAIRS
CANADA

OTTAWA, March 13, 1943

DEAR MR. CLARK,

With reference to your letter of February 17th, on the matter of a more strict delimitation of the districts in the Northwest Territories in which wild-cattling rights might be reserved for nominees of the United States Government, I have now received a reply from the Department of Mines and Resources on the subject.

The two areas mentioned in your letter are contiguous, namely:

1. *District of Mackenzie*—An area contiguous to the Mackenzie River, approximately 75 miles each side thereof, and extending from Fort Providence on the south to the Arctic Ocean on the north. Within the delta of the Mackenzie River, the line of reference shall be the East Channel.
2. *Yukon Territory*—All that portion of the Yukon Territory lying north of the 66th parallel.

It is proposed to apply the same regulations in these two areas as were worked out for the three areas already reserved by Orders-in-Council P. C. 1138 dated 12th February 1943, and P. C. 4140 of May 18th, 1942, as a result of consultation between Mr. Sidney Paige, Consulting Geologist attached to the office of Colonel Wyman, and Dr. Camsell. These regulations were published in the Canada Gazette on February 20th, 1943, and provide:

- First, (clause 1) that no one can prospect without first obtaining permission;
- Second, (clause 14) that the Minister should have the right to refuse to issue a permit when, in his opinion it might retard the search for and the development of the oil resources or interfere with the production of

petroleum for the use of His Majesty or of any country associated or allied with His Majesty in the conduct of the present war.

This should afford ample protection against nuisance staking and ensure that any exploratory and development work that may be carried on by bona fide companies other than those nominated by the United States Government will be made available for our war needs.

I trust that this arrangement will be satisfactory to all parties.

Yours sincerely,

H. L. KEENLEYSIDE
*Assistant Under Secretary of State
for External Affairs*

LEWIS CLARK, Esquire,
*Charge d'Affaires,
United States Legation,
Ottawa.*